

SDG&E TRANSMISSION POLICY

Clear, Concise Policy: Ambiguity on transmission policy either at the state or federal level has a chilling effect on much needed infrastructure investment. Since the transmission system is tightly interconnected, it is essential that we collaborate toward a comprehensive solution with benefits for the region.

Licensing: Both the Determination of Need and the Environmental/Siting/Route Selection process need to be better coordinated. FERC should backstop each process that does not move forward in a reasonable amount of time, about 12 months.

- **Determination of Need:** This process should be a single, coordinated process that includes the ISO, with input from key constituents, including the CPUC. This provides the basis for coordination with the rest of the western grid, for example, through the STEP process. Other regions with ISO-coordinated planning processes, such as the Midwest, use Regional State Committees to assure state input. The CPUC appeared comfortable with this role for the ISO at last year's transmission planning conference. A determination of need by the ISO or any CA regulatory agency should be binding on all other regulatory agencies in California.
- **Environmental/Siting/Route Selection:** This process should also be a single process coordinated by the State to conduct environmental review as quickly as is feasible. It is appropriate to bifurcate the need determination from the environmental review for a proposed project so that these processes can run in parallel to avoid delays. The environmental process could be similar to the single-pass review conducted by the CEC for power plant licensing.
- **FERC Backstop:** Transforming how the state agencies are organized is helpful, but may not be sufficient. If the processes aren't moving along after a reasonable amount of time (12 months), FERC should provide a backstop, as is contemplated in the most recent version of H.R. 6.

Transmission Incentives: FERC should finalize its proposed policy and include incentives for embracing new technologies and innovative practices that increase transfer capability on the existing transmission infrastructure. Incentives will support environmental stewardship policies of the state and also encourage asset owners to fully leverage the existing rights-of-way. We support a basis-point adder as FERC has proposed, but not to the exclusion of other innovative mechanisms.

Collaboration and Progress: The industry needs policy certainty based on collaboration of *all* parties – federal/state/local government, the ISO, stakeholders – and cannot allow special interests to block needed infrastructure. Transmission is a vital component to bring benefits to customers and the region overall.